

Maricopa County
Rule 280--Fees
July 6, 2000

Objective: The objective of this proposed rule revision process is to evaluate how air quality fees are assessed in order to assure fair and equitable treatment for regulated sources. Various options will be discussed and analyzed for administrative efficiency, anticipated revenue stability, and fee equity.

Background: Maricopa County fails to meet the national ambient air quality standards (NAAQS) for carbon monoxide, ozone and particulates. Recently the County completed a draft workload analysis to be consistent with the methodology used by the Arizona Department of Environmental Quality (ADEQ). From this analysis, the County has concluded that the fees no longer cover the costs of administering the permit program. The County has not increased Title V and Non-Title V fees since 1993, except for Stage I Vapor Recovery fees. In addition, the area was reclassified from "moderate" to "serious" nonattainment for particulates in June 1996 and for ozone effective February 13, 1998. Consequently, Maricopa County must require more strict regulations for certain industries/activities/operations. These actions are/will be included as measures in the new "serious" attainment demonstrations for the State Implementation Plan (SIP) which are required as a result of the reclassifications.

Maricopa County compared the recent workload analysis with the analysis completed in 1993. The County identified several differences between the two analyses. The discrepancies are due to an under estimation of the workload required to comply with Title V and MACT requirements in 1993 as well as to inflation, other rising costs and the downgrades to "serious". The workload analysis also reflects changes the Department is proposing in the frequency of inspections. The fees for each general permit category will be specifically calculated to reflect the inspection frequency targeted for that source category. The inspection frequency ranges from once a year for gasoline dispensing facilities to every other year for vehicle refinishing, dry cleaning, and printing to once every three years for fuel burning equipment.

The Title V and Non-Title V (except for Stage I Vapor Recovery Sources) fees have not been increased since 1993. In addition, Maricopa County has issued four general permits for gasoline dispensing facilities, vehicle refinishing, fuel burning equipment and paint booths and is working on two others for dry cleaning and printing. This type of permit streamlines the process and reduces the time it takes the Department to issue those permits. The Department plans to develop several additional general permits later as well. The proposed fees for General Permits also streamline the permit issuance process. The fees combine one/fifth of the application processing fee and the annual inspection fee to require the same fee each year regardless of whether an application for authority to operate or an application for renewal is submitted or not.

The objective of the proposed revisions to Rule 280 (Fees) will provide additional resources to complete the required workload and enhance compliance with the SIP programs. Enhanced compliance consists of three elements: outreach, education and enforcement. The proposed revisions need to allow the County to recover all reasonable direct and indirect costs to issue and administer the permit/plan approval programs.

Status of Process to Date: The Department originally completed a draft workload analysis and proposed revisions utilizing the same assessment methodology as the current rules. As a result of comments received on the June 10th and July 22nd 1999 workshops, the Department sought comment and input on other fee methodologies and programmatic changes suggested to date. After the conclusion of this scoping process, the Department analyzed the recommendations, prepared a revised draft rule and modified the workload analysis as necessary to parallel the recommendations.

The Department reviewed the cost estimates and corrected the double counting we reported at the last meeting. We had failed to subtract the overhead paid by the earthmoving programs, asbestos program and tank truck certification programs before allocating those costs to the fees proposed in this action. The Department also met with the Arizona Department of Weights and Measures and the Arizona Department of Environmental Quality on underground storage tanks programs. As a result of that meeting the Department revised the inspection frequency for Stage I back to once per year and will try to time the inspection with a delivery when possible. The Department will be working with petroleum marketing stakeholders to increase the number of inspections observing the delivery to a station.

The Department also obtained a Dunn & Bradstreet database and in conjunction with the yellow pages has prepared an initial estimate of the number of affected sources. Using these estimates, staff prepared a cost analysis and completed an initial fee estimate.

The Department also met with the Arizona Chamber of Commerce and the Arizona Association of Industries to discuss the Department's financial status and the impacts of proposed legislation. The proposed legislation does not substantively change the Department's statutory limitations on fees.

For the fifth workshop, the Department updated overhead costs and corrected minor errors. The Department also received clarification from ADEQ on cost assessment and modified the workload analysis accordingly.

Summary of Proposed Revisions to Draft Rule

- ◆ All increases proposed for fees will be approximately equal or less than the fee or costs of obtaining similar permits from the Arizona Department of Environmental Quality (ADEQ).
- ◆ The proposed fees for existing Non-Title V sources combine one-fifth of the permit review fee and the annual inspection and permit processing fee so that the permitted source will pay the same fee each year. This system would replace the current system that assesses the annual inspection fee each year and, every fifth year, assesses both the annual inspection fee and the permit review fee.
- ◆ The draft fee rule continues the current flat fee tiered structure, but adds a third tier of sources. The tier tables are lettered A, B and C. The tables are ordered to represent sources from complex in Table A to simple sources in Table C.

- ◆ Specific fees based on frequency of inspection have been calculated for each source specific General Permit completed or underway. A generic fee is included to cover future General Permits as well. The General Permit fees also combine one-fifth of the Authority to Operate Fee and the annual inspection and permit processing fee so that the source will pay the same fee each year.
- ◆ The emission fee will increase slightly to become identical to the ADEQ emissions fee by changing the base year. For 1999 this change would have increased the fee from \$35.76 to \$38.11.
- ◆ Other revisions clarify the charge for minimum fees and how emission fees are calculated.

Comparison of State and Maricopa County Fees
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Fee Category	ADEQ Fee	Maricopa County Proposed Fee	Maricopa County Existing Fee
Annual Emissions Fee	\$28.15 (1989 Base Year for annual CPI calculation--calendar year 2000 value \$38.06)	\$28.15 (1989 Base Year for annual CPI calculation)	\$31.00 (1993 Base Year for annual CPI calculation--billing year 2000 value \$35.76)
Non-Title V--Complex Source Annual Permit Processing and Inspection Fee (Tables A & B)	Annual Permit Processing Fee of \$1,097 plus an annual inspection fee of \$1,560 (\$2647/yr)	Annual Permit Processing and Inspection Fee of \$2150 for Table A sources or \$2000 for Table B Sources plus emission fees for the source (avg. \$2647/yr)	Annual Permit Processing and Inspection Fee of \$650 plus emissions fee (avg. \$870/yr)
Non-Title V--Simple Source Annual Permit Processing and Inspection Fee (Table C)	Annual Permit Processing Fee of \$565 plus an annual inspection fee of \$390 (\$995/yr)	Annual Permit Processing and Inspection Fee of \$550 for Table B sources plus emissions fee (\$550/yr)	Annual Permit Processing and Inspection Fee of \$225 for Table B sources and \$335 for Stage I Vapor Recovery Sources plus emissions fee (\$327/yr & \$437/yr)
General Permit--Complex Non-Title V Source (Tables A & B)	ATO application fee of \$540 plus an annual inspection fee of \$1,560 (\$1668/yr)	Annual Inspection and Permit Processing Fee of \$1625 for Table A sources and \$1,400 for Table B sources plus emission fees	ATO Application Fee of \$650 plus an annual inspection fee of \$650 plus emissions fee
General Permit--Simple Non-Title V Source (Table C)	ATO application fee of \$540 plus an annual inspection fee of \$390 (\$498/yr)	Stage I Vapor Recovery--\$455 Fuel Burning Equipment--\$265 Vehicle Refinishing--\$400 Dry Cleaners--\$405 Printers--\$500 Other Table C Sources--\$500 plus emissions fee	ATO Application Fee of \$225 plus an annual inspection fee of \$225 plus emission fee for Table B sources (\$302/yr) and \$335 plus emission fee for Stage I Vapor Recovery Plus emissions fee (\$412/yr)